# Consolidated Financial Results
# for the Fiscal Year Ended June 30, 2016
# [Japanese GAAP]

August 12, 2016

**Company name: Nippon Koei Co., Ltd.**
Stock exchange listing: Tokyo Stock Exchange
Code number: 1954
URL: https://www.n-koei.co.jp/english
Representative: Ryuichi Arimoto, Representative Director and President
Contact: Toshihide Hattori, General Manager, Accounting Department
Phone: +81-3-3238-8040
Scheduled date of holding general shareholder's meeting: September 29, 2016
Scheduled date of commencing dividend payments: September 9, 2016
Scheduled date of filing securities report: September 30, 2016
Availability of supplementary briefing material on financial results: Yes
Schedule of financial results briefing session: Yes (for institutional investors and securities analysts)

(Amounts of less than one million yen are rounded down.)

**1. Consolidated Financial Results for the Fiscal Year Ended June 30, 2016 (July 1, 2015 to June 30, 2016)**

(1) Consolidated Operating Results (% indicates changes from the previous fiscal year.)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | |
|---|---|---|---|---|---|---|---|---|
| Fiscal year ended | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| June 30, 2016 | 81,865 | 0.0 | 4,723 | 4.9 | 4,365 | (20.3) | 1,823 | (57.2) |
| June 30, 2015 | 81,839 | 3.3 | 4,502 | 5.8 | 5,477 | 20.6 | 4,261 | 42.1 |

(Note) Comprehensive income: Fiscal year ended June 30, 2016: ¥(924) million [ - %]
Fiscal year ended June 30, 2015: ¥6,032 million [42.9%]

| | Net income per share | Diluted net income per share | Return on equity | Return on assets | Operating income on Net sales |
|---|---|---|---|---|---|
| Fiscal year ended | Yen | Yen | % | % | % |
| June 30, 2016 | 23.82 | - | 3.5 | 4.7 | 5.8 |
| June 30, 2015 | 56.01 | - | 8.5 | 6.8 | 5.5 |

(Reference) Income from investment in affiliates (Equity method): Fiscal year ended June 30, 2016: -
Fiscal year ended June 30, 2015: -

(2) Consolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---|---|---|---|---|
| Fiscal year ended | Million yen | Million yen | % | Yen |
| June 30, 2016 | 100,989 | 51,460 | 50.6 | 665.31 |
| June 30, 2015 | 84,110 | 52,981 | 62.6 | 690.09 |

(Reference) Equity: Fiscal year ended June 30, 2016: ¥51,122 million
Fiscal year ended June 30, 2015: ¥52,644 million

(3) Consolidated Cash Flows

| | Cash flows from operating activities | Cash flows from investing activities | Cash flows from financing activities | Cash and cash equivalents at end of period |
|---|---|---|---|---|
| Fiscal year ended | Million yen | Million yen | Million yen | Million yen |
| June 30, 2016 | 379 | (17,705) | 15,199 | 9,400 |
| June 30, 2015 | 881 | 2,702 | (745) | 11,673 |

**2. Dividends**

| | Dividends per share | | | | | Total dividends paid (annual) | Payout ratio (consolidated) | Dividend on net assets ratio (consolidated) |
|---|---|---|---|---|---|---|---|---|
| | 1st quarter-end | 2nd quarter-end | 3rd quarter-end | Year-end | Total | | | |
| | Yen | Yen | Yen | Yen | Yen | Million yen | % | % |
| Fiscal year ended June 30, 2015 | - | - | - | 10.00 | 10.00 | 772 | 17.9 | 1.5 |
| Fiscal year ended June 30, 2016 | - | - | - | 10.00 | 10.00 | 771 | 42.0 | 1.5 |
| Fiscal year ending June 30, 2017 (Forecast) | - | - | - | 75.00 | 75.00 | | 32.0 | |

(Notes)

(1) "Total dividends paid (annual)" includes dividends on the Company's shares held by the Employee Share Ownership Plan (ESOP) trust.

(2) The Company is planning to implement a share consolidation in a rate of one share for every five shares effective January 1, 2017. "Year-end Dividends per share" at the end of fiscal year ending June 30, 2017 (Forecast) is listed the figure calculated by considering the effect of the planned share consolidation. If the effect of the planned share consolidation is not taken into account, "Year-end Dividends per share" at the end of fiscal year ending June 30, 2017 (Forecast) is projected to be 15.00 yen. For details, please refer to No.2 under "* Explanation of the proper use of financial results forecast and other notes".

**3. Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2017 (July 1, 2016 to June 30, 2017)**

(% indicates changes from the previous fiscal year.)

| | Net sales | | Operating income | | Ordinary income | | Profit attributable to owners of parent | | Net income per share |
|---|---|---|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 105,000 | 28.3 | 6,000 | 27.0 | 6,300 | 44.3 | 3,600 | 97.5 | 234.25 |

(Note) "Net income per share" of full year in the Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2017 is calculated by considering the effect of the share consolidation. If the effect of the share consolidation is not taken into account, "Net income per share" of full year in the Consolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2017 is projected to be 46.85 yen. For details, please refer to "* Explanation of the proper use of financial results forecast and other notes".

*** Notes:**

(1) Changes in significant subsidiaries during the fiscal year ended June 30, 2016 (changes in specified subsidiaries resulting in changes in scope of consolidation): Yes

New: 2 (BDP HOLDINGS LIMITED, BUILDING DESIGN PARTNERSHIP LIMITED)
Excluded: -

(2) Changes in accounting policies, changes in accounting estimates and retrospective restatement

1) Changes in accounting policies due to the revision of accounting standards: Yes
2) Changes in accounting policies other than 1) above: None
3) Changes in accounting estimates: None
4) Retrospective restatement: None

(3) Total number of issued shares (common stock)

1) Total number of issued shares at the end of the period (including treasury stock):
Fiscal year ended June 30, 2016 : 86,656,510 shares
Fiscal year ended June 30, 2015 : 86,656,510 shares

2) Total number of treasury stock at the end of the period:
Fiscal year ended June 30, 2016 : 9,816,140 shares
Fiscal year ended June 30, 2015 : 10,370,910 shares

3) Average number of shares during the period:
Fiscal year ended June 30, 2016 : 76,544,407 shares
Fiscal year ended June 30, 2015 : 76,077,020 shares

**(Reference) Nonconsolidated Financial Results**

**1. Nonconsolidated Financial Results for the Fiscal Year Ended June 30, 2016 (July 1, 2015 to June 30, 2016)**

(1) Nonconsolidated Operating Results (% indicates changes from the previous fiscal year.)

| | Net sales | | Operating income | | Ordinary income | | Net income | |
|---|---|---|---|---|---|---|---|---|
| Fiscal year ended | Million yen | % | Million yen | % | Million yen | % | Million yen | % |
| June 30, 2016 | 60,327 | (0.2) | 3,275 | 2.7 | 3,548 | (42.3) | 1,678 | (70.6) |
| June 30, 2015 | 60,471 | 2.0 | 3,190 | 3.0 | 6,146 | 53.7 | 5,714 | 159.9 |

| | Net income per share | Diluted net income per share |
|---|---|---|
| Fiscal year ended | Yen | Yen |
| June 30, 2016 | 21.92 | - |
| June 30, 2015 | 75.11 | - |

(2) Nonconsolidated Financial Position

| | Total assets | Net assets | Equity ratio | Net assets per share |
|---|---|---|---|---|
| Fiscal year ended | Million yen | Million yen | % | Yen |
| June 30, 2016 | 83,673 | 48,112 | 57.5 | 626.14 |
| June 30, 2015 | 73,391 | 48,691 | 66.3 | 638.28 |

(Reference) Equity: Fiscal year ended June 30, 2016: ¥48,112 million
Fiscal year ended June 30, 2015: ¥48,691 million

**2. Nonconsolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2017 (July 1, 2016 to June 30, 2017)** (% indicates changes from the previous fiscal year.)

| | Net sales | | Ordinary income | | Net income | | Net income per share |
|---|---|---|---|---|---|---|---|
| | Million yen | % | Million yen | % | Million yen | % | Yen |
| Full year | 63,000 | 4.4 | 3,600 | 1.5 | 2,100 | 25.1 | 136.65 |

(Note) "Net income per share" of full year in the Nonconsolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2017 is calculated by considering the effect of the share consolidation. If the effect of the share consolidation is not taken into account, "Net income per share" of full year in the Nonconsolidated Financial Results Forecast for the Fiscal Year Ending June 30, 2017 is projected to be 27.33 yen.

<u>* Presentation regarding the implementation status of audit procedures</u>

This Consolidated Financial Results is exempt from the audit stipulated in the Financial Instruments and Exchange Act. The audit procedures for financial statements based on the stipulations of said Act have not been completed at the time of disclosure of this Consolidated Financial Results.

<u>* Explanation of the proper use of financial results forecast and other notes</u>

1. The earnings forecasts and other forward-looking statements disclosed herein are based on information available to the Company as of the date of publication of this document and certain assumptions deemed reasonable. Actual results, etc. may differ significantly due to a wide range of factors. With regard to the assumptions and other related matters concerning forecasts for the fiscal year ending June 30, 2017, refer to "(1) Analysis of Consolidated Operating Results" under "1. Analysis of Operating Results and Financial Position" on page 2, contained in the attached documents
2. At the meeting of the Board of Directors held on August 12, 2016, the Company resolved to present a proposal concerning a share consolidation at the 72nd general shareholders' meeting to be held on September 29, 2016. Subject to approval at the shareholders' meeting, a share consolidation in a rate of one share for every five shares will be implemented on January 1, 2017 as the effective date. Also the Company is planning to decrease the size of the Share Unit from 1,000 shares to 100 shares on the same date.
   When the share consolidation is not taken into account, forecast of dividends and Consolidated Financial Results for the Fiscal Year Ending June 30, 2017 are as follows:
   (1) Dividend Forecast for the Fiscal Year Ending June 30, 2017
   Year-end Dividends per share 15.00 yen
   (2) Consolidated Financial Results Forecasts for the Fiscal Year Ending June 30, 2017
   Net income per share of full year 46.85 yen
3. The Company will hold a financial results briefing session for institutional investors and securities analysts on August 23, 2016. After the session, supplementary briefing material on financial results will be published on the Company's website.

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## 1. Analysis of Consolidated Operating Results and Financial Position

### (1) Analysis of Consolidated Operating Results

#### 1) Consolidated operating results for the current period

During the fiscal year under review (from July 1, 2015 to June 30, 2016), the Japanese economy stayed on a moderate recovery path. The employment and income condition remained steady despite of some weakness in personal consumption, and capital investment was on a recovery trend in line with improved corporate profitability. Meanwhile, there was heightened uncertainty over the future due to the sharp appreciation of the yen and low stock prices following the Brexit decision in June.

With regard to the business environment of Nippon Koei Co., Ltd. (the “Company”) and its subsidiaries (together, the “Group”), the Domestic Consulting Operations is on a recovery trend due to the front-load implementation of government budgets after April, despite a moderate decline in public investments. Furthermore, the budget increased for local municipalities in accordance with regional revitalization policies, while demand increased in areas including the maintenance and management businesses for facilities under the Plan for Extending the Lifespan of Infrastructure, preparation of facilities and the disaster prevention and disaster mitigation business for the Tokyo Olympics. In the International Consulting Operations, the market remained stable. Contributing factors included the maintenance of a certain volume of Official Development Assistance (“ODA”) projects by Japan, on the back of the Japanese government’s strategy to export infrastructure, development demand among emerging markets in Asia and other parts of the world, and strong demand for private investment in development. In the Power Engineering Operations, increases were seen in the areas of investment aimed at putting distribution networks in place for electric power companies and demand for renewal and new construction of hydroelectric power generation facilities taking advantage of the Feed-in Tariff (“FIT”) Scheme. On the other hand, environment in terms of obtaining orders became severer because of the intensified competition for orders at electric power companies, which constitute our major customer.

Under such circumstances, based on the Medium-Term Management Plan NK-AIM (from July 2015 to June 2018), with the fundamental principles of “Sustainable growth of 3 core businesses” and “Generation and expansion of new business,” the Group has been engaged in the three key challenges of “Further evolution of global expansion” “Further expansion of business fields and improvement of profitability by intensifying existing core businesses,” and “Demonstrating true merit of aggregated technologies for establishment of new business domains.” As companywide measures to realize these goals, the Group actively engaged in “Development of next-generation core technologies, and further improvement of technical strengths and productivity,” “Strengthening of human resource recruitment and training,” and “Promotion of collaboration and enhancement of corporate governance.”

In particular, in line with the basic policy of “Generation and expansion of new business,” we made the UK architectural design company BDP HOLDINGS LIMITED into a wholly-owned subsidiary, developed and put into operation the small-scale hydroelectric power generation business, deployed a dispersed power generation business in the Philippines, decided to participate in Tigris Water Partnership, and actively made investments. In addition, in order to enhance the corporate governance system through strengthening the supervisory functions and ensuring transparency of the management system, and establishing a swift operational structure, the Group formulated the Basic Policy on Corporate Governance and decided on an organizational reform including the establishment of the Nominating and Compensation Advisory Committee.

As a result, for the fiscal year ended June 30, 2016, orders received were ¥84,827 million, the same level as the previous fiscal year. Added with ¥16,251 million of the outstanding orders of BDP HOLDINGS LIMITED and its subsidiaries (hereinafter, collectively referred to as “BDP”) of which only the balance sheets have been consolidated from the current consolidated fiscal year, orders received amounted to ¥101,079 million, up 15.4% year on year. Net sales were ¥81,865 million, the same level as the previous fiscal year.

In terms of profit, operating income was ¥4,723 million, an increase of 4.9% year on year, ordinary income decreased by 20.3% year on year to ¥4,365 million as a result of foreign exchange losses, and profit attributable to owners of parent decreased by 57.2% year on year to ¥1,823 million as a result of a rebound from the gain on sales of property, plant and equipment that was recorded during the previous fiscal year.

Business results by segment of the Group are as follows.

[Domestic Consulting Operations]

In the Domestic Consulting Operations, amid a decline in consulting-related business for reconstruction following the Great East Japan Earthquake, we expanded business domains and market share by defining priority business areas, improved profitability through the restructuring of operational processes, and promoted the active utilization of alliances. Specifically, for the priority business areas, we set 41 key businesses in the seven fields of “disaster prevention and disaster mitigation,” “maintenance and management,” “infrastructure management,” “use of intellectual property,” “project management and construction management,” “environment and regional revitalization,” and “other businesses,” and executed strategies to expand market share, strategies to establish competitive advantages, and strategies to create markets based on the level of competitive strength in each of these businesses.

As a result of the above, orders received decreased by 2.1% year on year to ¥44,109 million, net sales decreased by 2.6% year on year to ¥40,778 million, operating income increased by 8.6% year on year to ¥2,956 million and ordinary income increased by 8.7% year on year to ¥2,965 million.

[International Consulting Operations]

In the International Consulting Operations, the Group established locally-based order receiving and construction systems in the four regions of Asia, the Middle East and North Africa, Sub-Saharan Africa, and Latin America, secured a stable business foundation through the expansion of share in Official Development Assistance (“ODA”) projects by Japan, and expanded business scale in urban development business and Public-Private Partnership (“PPP”) business. In particular, we focused on receiving orders from Japan International Cooperation Agency (“JICA”) project and large-scale yen loan projects while making efforts to further strengthen product management and production structures in the railway consulting business.

As a result of the above, orders received decreased by 10.2% year on year to ¥25,936 million due to delays in concluding large-scale projects, net sales increased by 9.4% year on year to ¥22,070 million, and operating income increased by 305.3% year on year to ¥1,156 million. However, as a result of the sharp appreciation of the yen at the end of the fiscal year, ordinary income decreased by 36.9% year on year to ¥382 million.

[Power Engineering Operations]

In the Power Engineering Operations, in the face of intensifying competition due to reductions in capital investment and repair costs among electric power companies that constitute our main customer, we worked to increase cost competitiveness through thorough cost reductions, strengthen sales and marketing capabilities through proposing cost reduction plans, enhance cooperation within the group (e.g. fusion and cooperation among the business areas of consulting, products and construction), promote product and technology development, and reinforce and expand the mechanical and electromechanical consulting division. In particular, as a result of thorough cost reductions and their proposals, we worked to secure renewal demand for power transmission equipment and capture renewal and new demand for hydroelectric power generation facilities taking advantage of the FIT Scheme.

As a result of the above, orders received increased by 8.2% year on year to ¥14,716 million, net sales decreased by 1.9% year on year to ¥17,522 million, operating income increased by 7.5% year on year to ¥3,048 million and ordinary income increased by 8.0% year on year to ¥3,024 million.

[Urban & Spatial Development Operations]

In the Urban & Spatial Development Operations, BDP became a consolidated subsidiary of the Company from the current consolidated fiscal year, consolidating only the balance sheets. The outstanding order of BDP at the beginning of consolidation was ¥16,251 million.

[Real Estate Leasing Operations]

In the Real Estate Leasing Operations, due to the sale of real estate for leasing during the previous fiscal year, net sales decreased by 37.3% year on year to ¥514 million, operating income decreased by 33.9% year on year to ¥386 million and ordinary income decreased by 34.8% year on year to ¥384 million.

2) Outlook for the next fiscal year

In the Domestic Consulting Operations, while the public works budget is expected to remain unchanged from the initial budget, temporary increases are expected from the supplementary budget for economic measures. In the International Consulting Operations, an increase in demand is expected in line with the Japanese government's Initiative to Expand the Export of High-Quality Infrastructure, which aims to globally expand the supply of risk money for infrastructure projects, accelerate yen loans, promote investment and financing for private-sector enterprises, and promote improvements in grants-in-aid system and its operations. In the Power Engineering Operations, demands for repair accompanying the degradation of existing power facilities and renewal and new demands for hydroelectric power generation facilities taking advantage of the FIT Scheme is expected. In the Urban & Spatial Development Operations, while the impact of the Brexit is unclear, infrastructure demand centered on Asia is expected to continue, and development demand is expected for the development of areas near urban railway stations and lines, airport terminals accompanying increased airline demand, and facilities such as houses, hotels, and commercial facilities funded by private-sector funds.

Under such circumstances, from the fiscal year ending June 30, 2017, the second year of the Medium-Term Management Plan NK-AIM, by adding "Autonomy and collaboration" to the fundamental principles of "Sustainable growth of 3 core businesses" and "Generation and expansion of new business," the Group will engage in the three key challenges of "Further evolution of global expansion," "Further expansion of business fields and improvement of profitability by intensifying existing core businesses," and "Demonstrating true merit of aggregated technologies for establishment of new business domains." As companywide measures to realize these goals, the Group will actively engage in "Development of next-generation core technologies, and further improvement of technical strengths and productivity," "Strengthening of human resource recruitment and training," and "Promotion of collaboration and enhancement of corporate governance."

The forecasts for consolidated business results for the fiscal year ending June 30, 2017 are net sales of ¥105.0 billion, operating income of ¥6.0 billion, ordinary income of ¥6.3 billion, and net income of ¥3.6 billion.

(2) Analysis of Consolidated Financial Position

Cash and cash equivalents at the end of the fiscal year under review was ¥9,400 million, a decrease of ¥2,272 million from the end of the previous fiscal year. The primary factors were as follows.

Net cash provided by operating activities was ¥379 million (a net inflow of ¥881 million during the previous fiscal year). This cash inflow was primarily due to income before income taxes and non-controlling interests of ¥4,032 million and proceeds from the collection of notes and accounts receivable - trade, meanwhile it was partially offset by payments for head office transfer cost.

Net cash used in investing activities was ¥17,705 million (a net inflow of ¥2,702 million during the previous fiscal year). This cash outflow was primarily due to the acquisition of stocks of BDP HOLDINGS LIMITED.

Net cash provided by financing activities was ¥15,199 million (a net outflow of ¥745 million during the previous fiscal year). This cash inflow was primarily due to an increase in short-term loans payable.

(Reference) Trends in Cash Flow-related Indicators

| | Fiscal Year Ended March 2013 | Fiscal Year Ended June 2013 | Fiscal Year Ended June 2014 | Fiscal Year Ended June 2015 | Fiscal Year Ended June 2016 |
|---|---|---|---|---|---|
| Equity ratio (%) | 55.0 | 60.8 | 62.4 | 62.6 | 50.6 |
| Equity ratio on market value basis (%) | 34.5 | 39.2 | 50.0 | 43.7 | 23.6 |
| Interest-bearing debt-to-cash flow ratio (years) | 3.1 | 0.2 | 1.8 | 1.9 | 46.1 |
| Interest coverage ratio (times) | 73.7 | 1,519.0 | 29.3 | 18.0 | 7.1 |

## 2. Management Policies

### (1) Basic Management Policies

The Group, under the mission of realizing the value contained in the management philosophy of “Act with integrity & Contribute to society through technology and engineering,” has defined the specific goals of the Group in the Group Vision of “To provide services that are of value in building safe and reliable social infrastructure and comfortable living space.”

Under the Long-Term Management Strategy (July 2015 to June 2021), our basic policy is to “Continue evolution into global consulting & engineering firm” based on this Group Vision.

### (2) Target Management Indicators

Under the Long-Term Management Strategy (from July 2015 to June 2021), the Group has defined its business targets for the fiscal year ending June 30, 2021, to be net sales of ¥140.0 billion, operating income of ¥14.0 billion, and return on equity (“ROE”) of 10.0%.

Based on the “Medium-Term Management Plan NK-AIM (Advance globally, Intense efforts in Japan and Demonstrating true merit)” (from July 2015 to June 2018), formulated to realize the above Long-Term Management Strategy targets, business targets for the fiscal year ending June 30, 2018, with the addition of Urban & Spatial Development Operations composed of BDP and Kisho Kurokawa Architect & Associates Co., Ltd. (hereinafter referred to as “Kurokawa Architect & Associates”) as new businesses, are set at net sales of ¥115.0 billion, operating income of ¥7.4 billion, and ROE of 7.5%.

### (3) Medium- and Long-Term Business Strategies

The Group has positioned the next three years (from July 2015 to June 2018) as an important period to serve as a springboard for the future, and has formulated and implemented the “Medium-Term Management Plan (NK-AIM: Advance globally, Intense efforts in Japan and Demonstrating true merit).”

From the fiscal year ending June 30, 2017, the second year of the Medium-Term Management Plan NK-

AIM, by adding “Autonomy and collaboration” to the fundamental principles of “Sustainable growth of 3 core businesses” and “Generation and expansion of new business,” the Group will engage in the three key challenges of “Further evolution of global expansion,” “Further expansion of business fields and improvement of profitability by intensifying existing core businesses,” and “Demonstrating true merit of aggregated technologies for establishment of new business domains.”

As companywide measures to realize these goals, the Group will actively engage in “Development of next-generation core technologies, and further improvement of technical strengths and productivity,” “Strengthening of human resource recruitment and training,” and “Promotion of collaboration and enhancement of corporate governance.”

(4) Issues to be Addressed

Under the Medium-Term Management Plan NK-AIM, the following key strategic business challenges and companywide measures will be implemented.

1) Key strategic business challenges

In the Domestic Consulting Operations, the Company will expand its business domain and share by defining priority businesses, proceed restructuring of the operational processes for higher profitability, and enhance active utilization of alliances.

In the International Consulting Operations, the Company will secure a stable business foundation through expansion of share in the Japanese ODA, expand business scale in urban development business and PPP business, and further strengthen its locally-based structures for order-receiving and construction.

In the Power Engineering Operations, the Company will increase cost competitiveness and strengthen sales and marketing capabilities, enhance cooperation within the group (e.g. fusion and cooperation among the business areas of consulting, products and construction), promote product and technology development, and reinforce the mechanical and electromechanical consulting division.

In the new operations, in an aim for the growth of BDP and Kurokawa Architect & Associates that compose the Urban & Spatial Development Operations, we will work towards the sustainable expansion of businesses in the UK, expand overseas business locations, and promote cooperation within the Group in Japan and Asia. In addition, we will strive for further business expansion by transferring the Building Information Modeling (BIM) technologies held by BDP to each Group company.

In other new operations, the Company will focus on entering new markets through efforts such as the formulation of asset holding-type business both in Japan and overseas, the promotion of energy businesses including small-scale hydroelectric power generation and thermal power generation, and participation in the privatization of water supply, road, airports, and other forms of infrastructure.

2) Companywide measures to support its growth

For “Development of next-generation core technologies, and further improvement of technical strengths and productivity,” the Company will proceed to develop its technologies with taking global environmental change into account, develop fundamental technologies for the next-generation of Smart Society, improve technology services, refine project management methods, secure product quality and increase profitability through the improvement of production processes. In addition, the Company will work to secure and develop human resources with the view that internal human resources are important assets.

For “Strengthening of human resource recruitment and training,” the Company will adopt the limitation of work locale and offer year-round hiring of exchange students, etc. to support various work styles, reestablish development systems, optimize the allocation of resources, and work towards reforming evaluation systems and compensation systems.

For “Promotion of collaboration and enhancement of corporate governance,” the Company will establish companywide marketing functions, improve the workplace especially through construction of the new headquarters building, strengthen the supervisory functions and ensure transparency of the management system, and establish a swift operational structure.

## 3. Basic Policy Concerning Choice of Accounting Standards

Taking into consideration the comparability of consolidated financial statements across periods and among companies, the Group prepares its consolidated financial statements using Japanese GAAP. With regard to application of International Financial Reporting Standards (“IFRS”), the Group’s policy is to respond appropriately based on consideration of the situation in Japan and overseas.

# 4. Consolidated Financial Statements

## (1) Consolidated Balance Sheets

(Million yen)

| | As of June 30, 2015 | As of June 30, 2016 |
|---|---|---|
| Assets | | |
| Current assets | | |
| Cash and deposits | 12,148 | 11,174 |
| Notes and accounts receivable - trade | 16,802 | 17,715 |
| Work in process | 11,398 | 12,253 |
| Deferred tax assets | 1,423 | 995 |
| Other | 3,059 | 4,022 |
| Allowance for doubtful accounts | (12) | (8) |
| Total current assets | 44,820 | 46,153 |
| Non-current assets | | |
| Property, plant and equipment | | |
| Buildings and structures | 17,868 | 18,685 |
| Accumulated depreciation | (11,843) | (12,605) |
| Buildings and structures, net | 6,025 | 6,079 |
| Machinery, equipment and vehicles | 2,693 | 2,662 |
| Accumulated depreciation | (2,183) | (2,217) |
| Machinery, equipment and vehicles, net | 510 | 444 |
| Tools, furniture and fixtures | 2,671 | 5,298 |
| Accumulated depreciation | (2,362) | (4,757) |
| Tools, furniture and fixtures, net | 308 | 540 |
| Land | 17,333 | 17,332 |
| Leased assets | 269 | 169 |
| Accumulated depreciation | (173) | (87) |
| Leased assets, net | 96 | 81 |
| Construction in progress | 251 | 81 |
| Total property, plant and equipment | 24,525 | 24,561 |
| Intangible assets | | |
| Goodwill | - | 10,312 |
| Other | 570 | 6,308 |
| Total intangible assets | 570 | 16,620 |
| Investments and other assets | | |
| Investment securities | 9,861 | 8,285 |
| Long-term loans receivable | 922 | 1,914 |
| Deferred tax assets | 1,217 | 1,153 |
| Other | 2,555 | 2,460 |
| Allowance for doubtful accounts | (364) | (160) |
| Total investments and other assets | 14,193 | 13,654 |
| Total non-current assets | 39,289 | 54,836 |
| Total assets | 84,110 | 100,989 |

(Million yen)

| | As of June 30, 2015 | As of June 30, 2016 |
|---|---|---|
| Liabilities | | |
| Current liabilities | | |
| Notes and accounts payable - trade | 4,539 | 5,105 |
| Short-term loans payable | - | 16,000 |
| Current portion of long-term loans payable | 164 | 266 |
| Income taxes payable | 1,508 | 808 |
| Advances received | 8,655 | 8,181 |
| Provision for bonuses | 1,019 | 983 |
| Provision for directors' bonuses | 84 | 82 |
| Provision for loss on construction contracts | 110 | 59 |
| Other | 8,384 | 11,620 |
| Total current liabilities | 24,466 | 43,107 |
| Non-current liabilities | | |
| Long-term loans payable | 1,526 | 1,260 |
| Deferred tax liabilities | 2,110 | 1,917 |
| Provision for directors' retirement benefits | 59 | 45 |
| Provision for environmental measures | 34 | 34 |
| Net defined benefit liability | 2,128 | 2,554 |
| Other | 803 | 609 |
| Total non-current liabilities | 6,662 | 6,421 |
| Total liabilities | 31,128 | 49,529 |
| Net assets | | |
| Shareholders' equity | | |
| Capital stock | 7,393 | 7,393 |
| Capital surplus | 6,209 | 6,209 |
| Retained earnings | 39,770 | 40,821 |
| Treasury shares | (3,205) | (3,020) |
| Total shareholders' equity | 50,167 | 51,403 |
| Accumulated other comprehensive income | | |
| Valuation difference on available-for-sale securities | 1,659 | (8) |
| Foreign currency translation adjustment | (100) | (301) |
| Remeasurements of defined benefit plans | 917 | 28 |
| Total accumulated other comprehensive income | 2,476 | (280) |
| Non-controlling interests | 337 | 337 |
| Total net assets | 52,981 | 51,460 |
| Total liabilities and net assets | 84,110 | 100,989 |

## (2) Consolidated Statements of Income and Comprehensive Income

(Million yen)

| | For the fiscal year ended June 30, 2015 | For the fiscal year ended June 30, 2016 |
|---|---|---|
| Net sales | 81,839 | 81,865 |
| Cost of sales | 60,054 | 59,505 |
| Gross profit | 21,785 | 22,359 |
| Selling, general and administrative expenses | 17,283 | 17,636 |
| Operating income | 4,502 | 4,723 |
| Non-operating income | | |
| Interest income | 77 | 114 |
| Dividend income | 363 | 228 |
| Gain on sales of investment securities | - | 343 |
| Foreign exchange gains | 527 | - |
| Other | 168 | 153 |
| Total non-operating income | 1,137 | 839 |
| Non-operating expenses | | |
| Interest expenses | 48 | 58 |
| Foreign exchange losses | - | 951 |
| Commission fee | 92 | 172 |
| Other | 20 | 14 |
| Total non-operating expenses | 161 | 1,197 |
| Ordinary income | 5,477 | 4,365 |
| Extraordinary income | | |
| State subsidies | - | 42 |
| Gain on sales of property, plant and equipment | 2,627 | - |
| Gain on step acquisitions | 45 | - |
| Total extraordinary income | 2,673 | 42 |
| Extraordinary losses | | |
| Loss on valuation of shares of subsidiaries and associates | 37 | 99 |
| Loss on reduction of property, plant and equipment | - | 38 |
| Head office transfer cost | 548 | 237 |
| Total extraordinary losses | 586 | 375 |
| Income before income taxes and non-controlling interests | 7,564 | 4,032 |
| Income taxes – current | 2,373 | 1,508 |
| Income taxes – deferred | 892 | 670 |
| Total income taxes | 3,266 | 2,178 |
| Profit | 4,298 | 1,853 |
| Profit attributable to | | |
| Profit attributable to owners of parent | 4,261 | 1,823 |
| Profit attributable to non-controlling interests | 36 | 30 |
| Other comprehensive income | | |
| Valuation difference on available-for-sale securities | 294 | (1,666) |
| Deferred gains or losses on hedges | 176 | - |
| Foreign currency translation adjustment | 76 | (223) |
| Remeasurements of defined benefit plans, net of tax | 1,187 | (888) |
| Total other comprehensive income | 1,733 | (2,778) |
| Comprehensive income | 6,032 | (924) |
| Comprehensive income attributable to | | |
| Comprehensive income attributable to owners of parent | 5,983 | (933) |
| Comprehensive income attributable to non-controlling interests | 48 | 8 |

(3) Consolidated Statements of Changes in Net Assets
For the fiscal year ended June 30, 2015

(Million yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 7,393 | 6,209 | 36,366 | (3,344) | 46,624 |
| Cumulative effects of changes in accounting policies | | | (645) | | (645) |
| Restated balance | 7,393 | 6,209 | 35,721 | (3,344) | 45,979 |
| Changes of items during period | | | | | |
| Change of scope of consolidation | | | 366 | | 366 |
| Dividends of surplus | | | (579) | | (579) |
| Profit attributable to owners of parent | | | 4,261 | | 4,261 |
| Purchase of treasury shares | | | | (10) | (10) |
| Disposal of treasury shares | | | | 149 | 149 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | — | — | 4,048 | 139 | 4,188 |
| Balance at end of current period | 7,393 | 6,209 | 39,770 | (3,205) | 50,167 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of current period | 1,364 | (176) | (13) | (269) | 905 | 304 | 47,835 |
| Cumulative effects of changes in accounting policies | | | | | | | (645) |
| Restated balance | 1,364 | (176) | (13) | (269) | 905 | 304 | 47,190 |
| Changes of items during period | | | | | | | |
| Change of scope of consolidation | | | (151) | | (151) | 52 | 267 |
| Dividends of surplus | | | | | | | (579) |
| Profit attributable to owners of parent | | | | | | | 4,261 |
| Purchase of treasury shares | | | | | | | (10) |
| Disposal of treasury shares | | | | | | | 149 |
| Net changes of items other than shareholders' equity | 294 | 176 | 64 | 1,187 | 1,722 | (19) | 1,702 |
| Total changes of items during period | 294 | 176 | (87) | 1,187 | 1,570 | 33 | 5,791 |
| Balance at end of current period | 1,659 | — | (100) | 917 | 2,476 | 337 | 52,981 |

For the fiscal year ended June 30, 2016

(Million yen)

| | Shareholders' equity | | | | |
|---|---|---|---|---|---|
| | Capital stock | Capital surplus | Retained earnings | Treasury shares | Total shareholders' equity |
| Balance at beginning of current period | 7,393 | 6,209 | 39,770 | (3,205) | 50,167 |
| Cumulative effects of changes in accounting policies | | | | | – |
| Restated balance | 7,393 | 6,209 | 39,770 | (3,205) | 50,167 |
| Changes of items during period | | | | | |
| Change of scope of consolidation | | | | | – |
| Dividends of surplus | | | (772) | | (772) |
| Profit attributable to owners of parent | | | 1,823 | | 1,823 |
| Purchase of treasury shares | | | | (9) | (9) |
| Disposal of treasury shares | | | | 193 | 193 |
| Net changes of items other than shareholders' equity | | | | | |
| Total changes of items during period | – | – | 1,051 | 184 | 1,236 |
| Balance at end of current period | 7,393 | 6,209 | 40,821 | (3,020) | 51,403 |

| | Accumulated other comprehensive income | | | | | Non-controlling interests | Total net assets |
|---|---|---|---|---|---|---|---|
| | Valuation difference on available-for-sale securities | Deferred gains or losses on hedges | Foreign currency translation adjustment | Remeasurements of defined benefit plans | Total accumulated other comprehensive income | | |
| Balance at beginning of current period | 1,659 | – | (100) | 917 | 2,476 | 337 | 52,981 |
| Cumulative effects of changes in accounting policies | | | | | | | – |
| Restated balance | 1,659 | – | (100) | 917 | 2,476 | 337 | 52,981 |
| Changes of items during period | | | | | | | |
| Change of scope of consolidation | | | | | | | – |
| Dividends of surplus | | | | | | | (772) |
| Profit attributable to owners of parent | | | | | | | 1,823 |
| Purchase of treasury shares | | | | | | | (9) |
| Disposal of treasury shares | | | | | | | 193 |
| Net changes of items other than shareholders' equity | (1,667) | – | (201) | (888) | (2,757) | (0) | (2,757) |
| Total changes of items during period | (1,667) | – | (201) | (888) | (2,757) | (0) | (1,521) |
| Balance at end of current period | (8) | – | (301) | 28 | (280) | 337 | 51,460 |

## (4) Consolidated Statements of Cash Flows

(Million yen)

| | For the fiscal year ended June 30, 2015 | For the fiscal year ended June 30, 2016 |
|---|---|---|
| Cash flows from operating activities | | |
| Income before income taxes and non-controlling interests | 7,564 | 4,032 |
| Depreciation | 1,408 | 1,268 |
| Amortization of goodwill | 279 | - |
| Loss (gain) on sales of investment securities | 0 | (343) |
| Loss on valuation of shares of subsidiaries and associates | 37 | 99 |
| Loss (gain) on sales of property, plant and equipment | (2,628) | (2) |
| State subsidies | - | (42) |
| Loss on reduction of property, plant and equipment | - | 38 |
| Head office transfer cost | 548 | 237 |
| Increase (decrease) in allowance for doubtful accounts | 3 | (205) |
| Increase (decrease) in provision for bonuses | 35 | (34) |
| Increase (decrease) in provision for loss on construction contracts | (94) | (51) |
| Increase (decrease) in net defined benefit liability | (331) | (888) |
| Interest and dividend income | (441) | (342) |
| Foreign exchange losses (gains) | (139) | 198 |
| Decrease (increase) in notes and accounts receivable - trade | (2,668) | 1,797 |
| Decrease (increase) in inventories | (1,406) | (906) |
| Increase (decrease) in notes and accounts payable - trade | 928 | 311 |
| Increase (decrease) in advances received | 740 | (393) |
| Increase (decrease) in accrued consumption taxes | (273) | (676) |
| Other, net | (1,482) | (670) |
| Subtotal | 2,081 | 3,426 |
| Interest and dividend income received | 459 | 353 |
| Interest expenses paid | (49) | (53) |
| Payment of head office transfer cost | - | (667) |
| Income taxes paid | (1,609) | (2,679) |
| Net cash provided by (used in) operating activities | 881 | 379 |
| Cash flows from investing activities | | |
| Net decrease (increase) in time deposits | 190 | 68 |
| Proceeds from state subsidies | - | 42 |
| Purchase of property, plant and equipment | (1,256) | (1,198) |
| Proceeds from sale of property, plant and equipment | 5,094 | 4 |
| Purchase of intangible assets | (146) | (225) |
| Purchase of investment securities | (1,116) | (2,181) |
| Proceeds from sale of investment securities | 1,370 | 891 |
| Payments for purchase of shares of subsidiaries accompanying a change in the scope of consolidation | - | (13,821) |
| Payments of loans receivable | (792) | (1,411) |
| Collection of loans receivable | 188 | 125 |
| Other, net | (830) | 1 |
| Net cash provided by (used in) investing activities | 2,702 | (17,705) |

(Million yen)

| | For the fiscal year ended June 30, 2015 | For the fiscal year ended June 30, 2016 |
|---|---|---|
| Cash flows from financing activities | | |
| Net increase (decrease) in short-term loans payable | (100) | 16,000 |
| Repayments of long-term loans payable | (130) | (164) |
| Proceeds from sale of treasury shares | 149 | 193 |
| Purchase of treasury shares | (10) | (9) |
| Cash dividends paid | (580) | (770) |
| Other, net | (74) | (50) |
| Net cash provided by (used in) financing activities | (745) | 15,199 |
| Effect of exchange rate change on cash and cash equivalents | 103 | (146) |
| Net increase (decrease) in cash and cash equivalents | 2,942 | (2,272) |
| Cash and cash equivalents at beginning of period | 8,465 | 11,673 |
| Increase in cash and cash equivalents from newly consolidated subsidiary | 265 | - |
| Cash and cash equivalents at end of period | 11,673 | 9,400 |

## (5) Notes to the Consolidated Financial Statements

### (Notes on Going Concern Assumption)

There is no relevant information.

### (Changes in Accounting Policies)

(Application of Accounting Standard for Business Combinations, etc. revised on September 13, 2013)

The "Accounting Standard for Business Combinations" (Accounting Standards Board of Japan ("ASBJ") Statement No. 21 revised on September 13, 2013, hereinafter referred to as the "Business Combinations Accounting Standard"), the "Accounting Standard for Consolidated Financial Statements" (ASBJ Statement No. 22 revised on September 13, 2013, hereinafter referred to as the "Consolidated Financial Statements Accounting Standard"), and the "Accounting Standard for Business Divestitures" (ASBJ Statement No. 7 revised on September 13, 2013, hereinafter referred to as the "Business Divestitures Accounting Standard") have been applied from the current consolidated fiscal year. As a result, if the Company continues to control subsidiaries, differences arising due to changes in the equity interest are entered in capital surplus and costs associated with the acquisition of stocks are now treated as expenses in the consolidated fiscal year in which they are incurred.

In addition, for business combinations that are implemented after the beginning of the current consolidated fiscal year, the allocation of the cost of acquisitions, as determined after review of provisional accounting treatment, is reflected in the consolidated financial statements for the consolidated fiscal year in which the business combination took place.

Additionally, the Company has changed the method of presenting consolidated profit and moved "minority interests" to "non-controlling interests". To reflect these changes, the Company has reclassified its consolidated financial statements for the previous consolidated fiscal year.

In the consolidated cash flow statements for the current consolidated fiscal year, the following changes have been made in the method of classification. Cash flows related to purchases or sales of shares of subsidiaries that are not accompanied by a change in the scope of consolidation have been included in "Cash flows from financing activities." Cash flows related to expenses arising due to purchases of shares of subsidiaries accompanied by a change in the scope of consolidation or cash flows related to expenses due to purchases or sales of shares of subsidiaries that are not accompanied by a change in the scope of consolidation have been included in "Cash flows from operating activities."

There is no material impact on the consolidated financial statements for the fiscal year ended June 30, 2016.

(Application of the Practical Solution on a Change in Depreciation Method Due to Tax Reform 2016)

Accompanying the revision of the Corporation Tax Act, the Company has applied "Practical Solution on a change in depreciation method due to Tax Reform 2016" (ASBJ Practical Issues Task Force (PITF) No. 32, issued June 17, 2016) in its consolidated financial statements for the current consolidated fiscal year. As a result, the Company has changed its method of depreciation for facilities attached to buildings and structures acquired on or after April 1, 2016 from the declining-balance method to the straight-line method.

The effect of this change in accounting principles on the consolidated financial statements for the current consolidated fiscal year was not material.

(Segment Information, etc.)

1. Outline of reportable segments

Reportable segments of the Company are determined as segments whose separate financial information is accessible from among the constituent units of the Company and are periodically used by the Board of Directors to determine the allocation of management resources and to evaluate achievements.

The Company has business headquarters separated by type of products and services. Each business headquarters formulates a comprehensive strategy based on the products and services and engages in conducting business activities.

In line with the above, the Company is composed of segments divided by products and services, with each business headquarters serving as the foundation, and the five reportable segments are "Domestic Consulting Operations," "International Consulting Operations," "Power Engineering Operations," "Urban & Spatial Development Operations," and "Real Estate Leasing Operations."

"Domestic Consulting Operations" engages in businesses such as research, planning, designing, and oversight with regard to improvement of social capital within Japan.

"International Consulting Operations" engages in businesses such as research, planning, designing, and oversight with regard to improvement of social capital outside of Japan.

"Power Engineering Operations" engages in production and sale of products such as hydraulic turbine electric power generators, system control machinery, and voltage converters, construction of items such as power transformers and power transmitters, and electrical power engineering consulting.

"Urban & Spatial Development Operations" engages in urban space development business that includes urban planning and architectural design.

"Real Estate Leasing Operations" engages in the leasing of real estate within Japan.

(Changes in Reportable Segments)

During the fiscal year ended June 30, 2016, due to the acquisition of the stocks of BDP HOLDINGS LIMITED and inclusion of BDP HOLDINGS LIMITED and its subsidiaries in the scope of consolidation, "Urban & Spatial Development Operations" was newly added as a reportable segment.

In accordance with this change, Kisho Kurokawa Architect & Associates Co., Ltd that used to be included in "Others" is included in "Urban & Spatial Development Operations."

Since only the balance sheets of BDP HOLDINGS LIMITED and its subsidiaries have been consolidated, only the segment assets are stated.

The segment information for the previous consolidated fiscal year which disclosed as comparative information for the current consolidated fiscal year has been stated by using the method of classification after the change.

2. Calculation methods for net sales, income or loss, assets, and other items by reportable segment

Accounting treatments for reportable business segments closely match those shown in "Basic Principles for Preparation of Consolidated Financial Statements."

Inter-segment net sales and transfers are based on the third-party transaction prices.

3. Information about net sales, income or loss, assets, and other items by reportable segment

For the fiscal year ended June 30, 2015 (Million yen)

| | Reportable segment | | | | | | Others (Note) | Total |
|---|---|---|---|---|---|---|---|---|
| | Domestic Consulting Operations | International Consulting Operations | Power Engineering Operations | Urban & Spatial Development Operations | Real Estate Leasing Operations | Subtotal | | |
| Net sales | | | | | | | | |
| Net sales to external customers | 41,845 | 20,174 | 17,857 | — | 821 | 80,698 | 1,141 | 81,839 |
| Inter-segment sales or transfers | 371 | 22 | 234 | — | 124 | 752 | 2 | 754 |
| Total | 42,216 | 20,196 | 18,092 | — | 945 | 81,451 | 1,143 | 82,594 |
| Segment profit (loss) | 2,727 | 606 | 2,801 | — | 590 | 6,726 | (1,243) | 5,482 |
| Segment assets | 18,153 | 20,892 | 9,313 | 100 | 4,240 | 52,701 | 37,772 | 90,473 |
| Other items | | | | | | | | |
| Depreciation | 170 | 79 | 222 | — | 99 | 571 | 836 | 1,408 |
| Amortization of goodwill | 232 | 46 | — | — | — | 279 | — | 279 |
| Interest income | 26 | 43 | 3 | — | 3 | 77 | 231 | 309 |
| Interest expenses | 46 | 128 | 52 | — | 5 | 233 | 46 | 279 |
| Increase in property, plant and equipment and intangible assets | 109 | 101 | 414 | — | 12 | 638 | 1,165 | 1,804 |

Note: “Others” refers to a group of operations from which no profits are gained or that produce only incidental gains.

For the fiscal year ended June 30, 2016 (Million yen)

| | Reportable segment | | | | | | Others (Note) | Total |
|---|---|---|---|---|---|---|---|---|
| | Domestic Consulting Operations | International Consulting Operations | Power Engineering Operations | Urban & Spatial Development Operations | Real Estate Leasing Operations | Subtotal | | |
| Net sales | | | | | | | | |
| Net sales to external customers | 40,778 | 22,070 | 17,522 | — | 514 | 80,886 | 979 | 81,865 |
| Inter-segment sales or transfers | 408 | 13 | 247 | — | 124 | 793 | 2 | 795 |
| Total | 41,186 | 22,084 | 17,770 | — | 638 | 81,680 | 981 | 82,661 |
| Segment profit (loss) | 2,965 | 382 | 3,024 | — | 384 | 6,757 | (2,373) | 4,383 |
| Segment assets | 18,893 | 19,102 | 8,989 | 23,886 | 4,192 | 75,063 | 49,032 | 124,096 |
| Other items | | | | | | | | |
| Depreciation | 162 | 72 | 252 | — | 57 | 545 | 723 | 1,268 |
| Amortization of goodwill | — | — | — | — | — | — | — | — |
| Interest income | 21 | 24 | 4 | — | 0 | 50 | 330 | 380 |
| Interest expenses | 44 | 136 | 57 | — | — | 237 | 87 | 325 |
| Increase in property, plant and equipment and intangible assets | 82 | 64 | 312 | — | 2 | 461 | 749 | 1,211 |

Note: “Others” refers to a group of operations from which no profits are gained or that produce only incidental gains.

4. Differences in total amounts by reportable segment and amounts on the consolidated financial statements, and primary content of these differences (Items related to adjustments of difference)

(Million yen)

| Net sales | Previous fiscal year | Current fiscal year |
|---|---|---|
| Reportable segment total | 81,451 | 81,680 |
| Net sales of "Others" category | 1,143 | 981 |
| Elimination of inter-segment transactions | (754) | (795) |
| Net sales on consolidated financial statements | 81,839 | 81,865 |

(Million yen)

| Income | Previous fiscal year | Current fiscal year |
|---|---|---|
| Reportable segment total | 6,726 | 6,757 |
| Loss of "Others" category (Note) | (1,243) | (2,373) |
| Elimination of inter-segment transactions | (4) | (18) |
| Ordinary income on consolidated financial statements | 5,477 | 4,365 |

Note: Loss of "Others" category includes companywide expenses such as general and administrative expenses that are not attributable to any reportable segment.

(Million yen)

| Assets | Previous fiscal year | Current fiscal year |
|---|---|---|
| Reportable segment total | 52,701 | 75,063 |
| Assets of "Others" category (Note) | 37,772 | 49,032 |
| Elimination of inter-segment transactions | (6,363) | (23,106) |
| Total assets on consolidated financial statements | 84,110 | 100,989 |

Note: Assets of "Others" category includes companywide assets such as land, buildings, and investment securities that are not attributable to any reportable segment.

(Million yen)

| Other items | Reportable segment total | | Others | | Adjustment amount | | Amount recorded on consolidated financial statements | |
|---|---|---|---|---|---|---|---|---|
| | Previous fiscal year | Current fiscal year | Previous fiscal year | Current fiscal year | Previous fiscal year | Current fiscal year | Previous fiscal year | Current fiscal year |
| Depreciation | 571 | 545 | 836 | 723 | — | — | 1,408 | 1,268 |
| Amortization of goodwill | 279 | — | — | — | — | — | 279 | — |
| Interest income (Note) | 77 | 50 | 231 | 330 | (231) | (266) | 77 | 114 |
| Interest expenses (Note) | 233 | 237 | 46 | 87 | (231) | (266) | 48 | 58 |
| Increase in property, plant and equipment and intangible assets | 638 | 461 | 1,165 | 749 | — | — | 1,804 | 1,211 |

Note: The content of adjustments in "interest income" and "interest expenses" are primarily the elimination of internal interest used for the purposes of managerial accounting.

[Related Information]

For the fiscal year ended June 30, 2015

1. Information by product and service

Statement is omitted, as similar information is disclosed in Segment Information.

2. Information by geographical area

(1) Net sales

(Million yen)

| Japan | Asia | Middle East | Africa | Latin America | Other | Total |
|---|---|---|---|---|---|---|
| 60,203 | 12,670 | 1,446 | 3,442 | 3,895 | 181 | 81,839 |

Notes: 1. Net sales are classified based on the location where services are rendered.
2. Method of classifying countries or regions, and primary countries or regions attributable to each area:
(1) Method of classifying countries or regions By geographical proximity.
(2) Primary countries or regions attributable to each area, excluding Japan
Asia: Vietnam, Indonesia, India
Middle East: Iraq, Iran, Palestine
Africa: Kenya, Egypt, Uganda
Latin America: Peru, Panama, Paraguay
Other: Kyrgyzstan, Tuvalu, Papua New Guinea

(2) Property, plant and equipment

Disclosure is omitted, as the amount of property, plant and equipment within Japan amounts to over 90% of the total property, plant and equipment on the consolidated balance sheets.

3. Information on major customers

(Million yen)

| Name of customer | Net sales | Related segment name |
|---|---|---|
| Ministry of Land, Infrastructure, Transport and Tourism | 14,844 | Domestic Consulting Operations |
| Tokyo Electric Power Company, Incorporated | 7,674 | Power Engineering Operations |
| Japan International Cooperation Agency | 6,756 | International Consulting Operations |

For the fiscal year ended June 30, 2016

1. Information by product and service

Statement is omitted, as similar information is disclosed in Segment Information.

2. Information by geographical area

(1) Net sales

(Million yen)

| Japan | Asia | Middle East | Africa | Latin America | Other | Total |
|---|---|---|---|---|---|---|
| 58,414 | 13,880 | 2,159 | 3,584 | 3,646 | 179 | 81,865 |

Notes: 1. Net sales are classified based on the location where services are rendered.

2. Method of classifying countries or regions, and primary countries or regions attributable to each area:

(1) Method of classifying countries or regions By geographical proximity.

(2) Primary countries or regions attributable to each area, excluding Japan

Asia: Vietnam, Indonesia, India
Middle East: Iraq, Iran, Palestine
Africa: Kenya, Cabo Verde, Morocco
Latin America: Peru, Paraguay, Panama
Other: Papua New Guinea, Tuvalu

(2) Property, plant and equipment

Disclosure is omitted, as the amount of property, plant and equipment within Japan amounts to over 90% of the total property, plant and equipment on the consolidated balance sheets.

3. Information on major customers

(Million yen)

| Name of customer | Net sales | Related segment name |
|---|---|---|
| Ministry of Land, Infrastructure, Transport and Tourism | 13,604 | Domestic Consulting Operations |
| TEPCO Power Grid, Incorporated | 8,147 | Power Engineering Operations |
| Japan International Cooperation Agency | 7,643 | International Consulting Operations |

[Information on Impairment Loss of Non-current Assets by Reportable Segment]

For the fiscal year ended June 30, 2015

There is no relevant information.

For the fiscal year ended June 30, 2016

There is no relevant information.

[Information on Amortization of Goodwill and Unamortized Balances by Reportable Segment]

For the fiscal year ended June 30, 2015

There is no relevant information.

For the fiscal year ended June 30, 2016

(Million yen)

| | Reportable segment | | | | | | Others | Corporate and eliminations | Total |
|---|---|---|---|---|---|---|---|---|---|
| | Domestic Consulting Operations | International Consulting Operations | Power Engineering Operations | Urban & Spatial Development Operations | Real Estate Leasing Operations | Subtotal | | | |
| Balance of goodwill at beginning of period | — | — | — | 10,312 | — | 10,312 | — | — | 10,312 |

Note: Amounts for the amortization of goodwill are not stated as identical information is disclosed in Segment Information.

[Information on Gain on Bargain Purchase by Reportable Segment]

For the fiscal year ended June 30, 2015

There is no relevant information.

For the fiscal year ended June 30, 2016

There is no relevant information.

(Per Share Information)

| | For the fiscal year ended June 30, 2015 | For the fiscal year ended June 30, 2016 |
|---|---|---|
| Net assets per share | ¥690.09 | ¥665.31 |
| Net income per share | ¥56.01 | ¥23.82 |

Notes: 1. Diluted net income per share is not stated as there are no dilutive shares.
2. The basis for the calculation of net income per share and diluted net income per share is as follows.

| Item | For the fiscal year ended June 30, 2015 | For the fiscal year ended June 30, 2016 |
|---|---|---|
| Profit attributable to owners of parent (Million yen) | 4,261 | 1,823 |
| Amount not attributable to common shareholders (Million yen) | ― | ― |
| Profit attributable to owners of parent relating to common stock (Million yen) | 4,261 | 1,823 |
| Average number of shares of common stock during the period (Shares) | 76,077,020 | 76,544,407 |

3. Regarding the Company’s stock held in trust as treasury shares in shareholders’ equity, for the purposes of calculating the amounts of net income per share, these are included in treasury shares that are eliminated for calculating the average number of shares during the period, and for the purposes of calculating the amounts of net assets per share, these are included in the number of treasury shares eliminated from the total number of issued shares at the end of the period.
For the purposes of calculating the amounts of net income per share, the average number of shares of these eliminated shares of treasury shares was 1,148,493 shares for the fiscal year ended June 30, 2015, and 658,786 shares for the fiscal year ended June 30, 2016, and for the purposes of calculating the amounts of net assets per share, the number of shares at the end of each fiscal year of these eliminated shares of treasury shares was 930,000 shares for the fiscal year ended June 30, 2015, and 355,000 shares for the fiscal year ended June 30, 2016.

(Significant Subsequent Events)

There is no relevant information.

## 5. Other

### (1) Status of Production, Orders, and Sales

| Category / Operation | | For the fiscal year ended June 30, 2015 Amount (Million yen) | For the fiscal year ended June 30, 2015 Composition (%) | For the fiscal year ended June 30, 2016 Amount (Million yen) | For the fiscal year ended June 30, 2016 Composition (%) |
|---|---|---|---|---|---|
| Orders received | Domestic Consulting | 45,057 | 51.5 | 44,109 | 43.6 |
| | International Consulting | (Note 2) 28,889 | 33.0 | 25,936 | 25.6 |
| | Power Engineering | 13,595 | 15.5 | 14,716 | 14.6 |
| | Urban & Spatial Development | ― | | (Note 1) 16,251 | 16.1 |
| | Real Estate Leasing | ― | | ― | |
| | Others | 30 | 0.0 | 64 | 0.1 |
| | Total | 87,573 | 100.0 | 101,079 | 100.0 |
| Net sales 1 | Domestic Consulting | 44,405 | 54.3 | 43,545 | 53.2 |
| | International Consulting | 21,679 | 26.5 | 23,362 | 28.6 |
| | Power Engineering | 14,904 | 18.2 | 14,421 | 17.6 |
| | Urban & Spatial Development | ― | | ― | |
| | Real Estate Leasing | 821 | 1.0 | 514 | 0.6 |
| | Others | 28 | 0.0 | 21 | 0.0 |
| | Total | 81,839 | 100.0 | 81,865 | 100.0 |
| Net sales 2 | Domestic Consulting | 41,845 | 51.1 | 40,778 | 49.8 |
| | International Consulting | 20,174 | 24.7 | 22,070 | 27.0 |
| | Power Engineering | 17,857 | 21.8 | 17,522 | 21.4 |
| | Urban & Spatial Development | ― | | ― | |
| | Real Estate Leasing | 821 | 1.0 | 514 | 0.6 |
| | Others | 1,141 | 1.4 | 979 | 1.2 |
| | Total | 81,839 | 100.0 | 81,865 | 100.0 |

| Category / Operation | | For the fiscal year ended June 30, 2015 Amount (Million yen) | For the fiscal year ended June 30, 2015 Composition (%) | For the fiscal year ended June 30, 2016 Amount (Million yen) | For the fiscal year ended June 30, 2016 Composition (%) |
|---|---|---|---|---|---|
| Outstanding orders | Domestic Consulting | 27,974 | 31.3 | 28,538 | 26.2 |
| | International Consulting | 51,427 | 57.6 | 54,001 | 49.5 |
| | Power Engineering | 9,907 | 11.1 | 10,203 | 9.4 |
| | Urban & Spatial Development | ― | | (Note 1) 16,251 | 14.9 |
| | Real Estate Leasing | ― | | ― | |
| | Others | 6 | 0.0 | 49 | 0.0 |
| | Total | 89,315 | 100.0 | 109,044 | 100.0 |

Notes:
1. This refers to the outstanding orders as of April 1, 2016 of BDP that became a consolidated subsidiary from the current consolidated fiscal year.
2. This includes ¥1,205 million, ¥427 million, and ¥246 million for NIPPON KOEI VIETNAM INTERNATIONAL CO., LTD., PHILKOEI INTERNATIONAL, INC., and PT. INDOKOEI INTERNATIONAL, respectively, as the amounts of outstanding orders at the beginning of consolidation for these companies, which were consolidated from the previous fiscal year.
3. The above amounts are exclusive of consumption taxes.
4. The above amounts are for external customers, and do not include inter-segment transactions or transfers.
5. Net sales 1 is by segment which received orders. Net sales 2 is by segment which provided services.

(2) Changes in Corporate Officers

Please see “Notice Regarding Changes in Corporate Officers,” separately disclosed today.